

Day three at the Summit: Air travel boom in Latin America set to take industry to new heights

The aviation industry is growing in Latin America and is expected to continue its upward trajectory in the coming decades, boding well for the travel retail industry.

That was the assessment of both Pedro Heilbron, CEO of Copa Holdings and Copa Airlines in Panama, and Peter Cerdá, Regional Vice President for the Americas at the International Air Transport Association (IATA).

The two industry leaders addressed the third and final Executive Conference Session at the Summit of the Americas on Wednesday.

Heilbron mentioned Copa's connectivity, service to smaller markets, infrastructure development and its provision of world-class service as the key to the company's success.

He gave special mention to the partnership between Copa, Panama's national carrier, and his country's successive governments for working together to make Panama the "hub of the Americas" at Tocumen International Airport.

The airport's long-awaited Terminal 2 is serving some flights and is expected to officially open later this year.

"We will have 54 gates and have twice as many gates as other areas," Heilbron said. "This is critical to a connecting hub and gives passengers time to do more shopping.

"We have been able to keep up with our own growth and build enough gates to be competitive and accomplish our plans," he continued. "We are a few years late, but that's not bad in the (aviation) industry," he joked.

Copa currently serves 81 destinations in 33 countries. This year, the Official Airline Guide (OAG) recognized Copa as the world's most punctual airline.

"Copa has the largest network in Latin America, reaching more international destinations than any other carrier," Heilbron said. "Panama is centrally located and connects to flights throughout South America and Central America."

Another area where Copa is breaking ground is with its decision to serve small markets that have been left out of the air travel mix for many years, and that are helping to make air travel possible for all.

"80% of the cities we are connecting have less than 20 passengers a day," said Heilbron, citing the recently started service to Paramaribo, Surinam.

IATA's Vice President Peter Cerdá, who followed Heilbron onto the podium, lauded Copa's commitment to connectivity and said that was an IATA goal.

"We have already crossed the boundary of 22 connections between city pairs around the world. So,

we are able to connect the world to more places and give more opportunities to (people from) all walks of life to travel.

“The concept that air travel is just for the wealthy or few is very different than it was 20 years ago,” he added.

More people taking to the skies means more business for the travel retail industry. “The future is very optimistic for the industry and for your business as well,” Cerdá said.

“If you look at the economic side, because of the expected growth over the next 18 to 20 years, (the numbers) are going to double both for North America and Latin America,” Cerdá said.

The overall numbers are expected to jump from 342 million to 693 million passengers in Latin America and from 870 million to 1.4 billion passengers in North America, he noted.

He mentioned Brazil as one example, where he said half of the country’s 200 million people had never been on a plane, something he expected to change in the coming years.

But Cerdá mentioned airport security as one major stumbling block. “We know how much of a headache it is to go through security. We can spend anywhere between 30 minutes and two hours going through a line. That’s not good for business. We want them to go through as quickly as possible and get them to other side”, which is where business happens at restaurants and stores, he said.



Closing the session was economist Carlos Melconian, Director of M&S Consultores, who looked at the economic and political situations in Brazil and Argentina. Both countries are drivers for the industry in Latin America, and Melconian reviewed the good news and bad news coming out of both nations.